



## **Administrative Regulation**

## **Retirement Benefits**

<b>Policy #</b>	03-03.02
<b>Effective Date:</b>	February 20, 2018
<b>Revision Date:</b>	January 31, 2022
<b>Owner:</b>	Human Resources

### **Purpose:**

The purpose of this policy is to provide a list of benefits that are available to retirees.

### **Scope:**

Any City of Springfield employee who is considering retirement and meets one of the following criteria:

- Employee's age plus years of service<sup>1</sup> with the City of Springfield equals 70; or
- Employee is a member of the Public Employee Retirement System (PERS) and meets PERS retirement requirements for full or reduced benefits and has a minimum of two years of service with the City; or
- Employee is permanently disabled in all occupations as identified through the City's Long Term Disability<sup>2</sup> carrier or by an Independent Medical Examiner hired by the City, and with consideration of PERS definition for employees under equal-to-or-better plan.

### **Policy:**

The City of Springfield offers eligible employees, retirees, and their dependents post-retirement benefit coverage, health insurance with medical stipend, dental insurance, Wellness Center, sick leave payout and VEBA<sup>3</sup> plan options. Specific components of the Benefit Plans are subject to change or termination. For a description of the current Benefit Plans offered, visit the City's Human Resources website. This policy describes how employees and retirees obtain and maintain eligibility for retirement plan options.

### **Procedure:**

#### **1. Retiree Medical and Dental Benefits**

- 1.1. Eligible retirees may participate in the City's post-retirement medical and dental benefit plans. Retirees are offered the benefit options under the City's benefit program as offered to non-union employees. Retirees are responsible for the full cost of the benefit premiums, except as outlined in Section 2 of this regulation regarding the retiree medical stipend. To receive this benefit they must meet the following criteria:

- 1.1.1. Retiree must apply for continued coverage within 60 days after retirement. Once any coverage is dropped for a retiree or dependent, coverage cannot be reinstated.
- 1.1.2. Retiree or dependent(s) is not enrolled in another group health plan with substantially the same or greater benefits at an equivalent cost.
- 1.1.3. Dependent(s) of eligible retiree can remain on the benefits plans after the retiree has become Medicare eligible. Retirees may continue coverage for previously covered dependents, provided they remain eligible by definition of the health plan.

1.2. Human Resources facilitates the open enrollment period annually.

## 2. Retiree Medical Premium Credit

2.1. Retirees whose age plus years of service with the City of Springfield equals 70 can receive a credit of \$115.05 per month towards the cost of their City of Springfield medical benefit premium until Medicare eligibility is reached.

2.1.1. Retiree must be enrolled in the medical plan for this benefit.

2.1.2. The credit will reduce the amount of the retiree's medical premium.

2.2. Any premium amount in excess of the dollar amount funded by the City is the sole responsibility of the retiree. Dependents are not eligible to receive the medical stipend.

## 3. Retiree Wellness Center Benefit

3.1. Eligible retirees may self-pay for continued access to the City's Wellness Center. To receive this benefit they must meet the following criteria:

3.1.1. Retiree must apply for coverage within 60 days after retirement. Once any coverage is dropped for a retiree or dependent, coverage cannot be reinstated.

3.1.2. Dependent(s) of eligible retiree can remain on the plan after the retiree has become Medicare eligible. Retirees may continue coverage for previously covered dependents, provided they remain eligible by definition of the health plan.

3.2. Human Resources facilitates the open enrollment period annually.

## 4. Sick Leave Payout.

4.1. Employees retiring per this administrative regulation may qualify to receive payout of up to 480 hours of accrued sick leave.

- 4.2. Employees who retire under PERS and who are eligible for the PERS sick-leave program will have their unused sick-leave balance reported to PERS at the time of retirement in accordance with ORS 238.350(2)(A).

5. Voluntary Employee Beneficiary Association (VEBA)

- 5.1. VEBA enables the City the ability to make a tax-free contribution to a post-retirement medical account designed to stay compliant with applicable federal health care reform regulations. This account can be used post-retirement to reimburse the retiree's qualified out-of-pocket medical care costs as defined by the IRS. VEBA funds can gain interest (or incur losses) depending on the market. Employer contributions, investment earnings, and withdrawals for qualified claims are tax-free.
- 5.2. Eligible retirees must complete the VEBA membership enrollment to open an account. Employer contributions and HRA rollover funds are directly deposited into VEBA accounts based on previously determined participation levels (see below). Failure to open an account results in forfeiture of funds.
- 5.3. Employees identified as "eligible to retire" for both full and reduced benefits are included in annual voting by group to decide the level of participation in the VEBA plan. Decisions are binding on all employees retiring during the next calendar year. See HRA VEBA Plan Administrative Regulation for more information about group formation and contribution sources.

**Definitions**

1. "*Years of service*" is time spent working for the City of Springfield in a benefited position.
2. "*Disability*" is a condition of mind or body resulting from illness or injury that permanently and wholly prevents the participant from performance of any occupation for which the participant is reasonably suited by education or training.
3. "*VEBA*" is a voluntary employees' beneficiary association (VEBA) account. This is a type of tax exempt trust instrument through which post-retirement benefits can be paid. VEBAs are authorized by the Internal Revenue Code section 501(c)(9).

**Resources:**

1. HRA VEBA Trust – [http: www.hraveba.org](http://www.hraveba.org)
2. [Healthcare Enhancement for Local Public Safety Officers \(HELPS\)](#) (Police and Fire Only)

**CREATION (Original):**

This administrative regulation is in effect as of the date of my signature. I authorize the Human Resource Director to modify the history and resources sections and header, footer, and numbering without my reauthorization. The administrative regulation remains in effect should these revisions occur.			
<b>Approved By:</b>	Gino Grimaldi, City Manager	<b>Dates:</b>	February 20, 2018
<b>Author:</b> Chaim Hertz, Human Resources Director			
<b>Responsible Party:</b> Human Resources			
<b>Replaces:</b> N/A – New Regulation.			

**PERIODIC REVIEW:**

<b>Reviewer:</b>		<b>Date:</b>	
<b>Reviewer:</b>		<b>Date:</b>	
<b>Reviewer:</b>		<b>Date:</b>	
<b>Reviewer:</b>		<b>Date:</b>	
<b>Reviewer:</b>		<b>Date:</b>	

**REVISIONS:**

<b>Version #4:</b>	<b>Responsible Party:</b>	Human Resources		
	<b>Revised By:</b>	Chaim Hertz, Director of Human Resources		
	<b>Approved By:</b>	Nancy Newton, City Manager	<b>Date:</b>	January 27, 2022
	<b>Reason/Summary of Changes:</b>	Word clarification. Replaced the term “stipend” to “credit” in section 2 of the procedure to better reflect current practice.		

<b>Version #3:</b>	<b>Responsible Party:</b>	Human Resources		
	<b>Revised By:</b>	Chaim Hertz, Director of Human Resources		
	<b>Approved By:</b>	Nancy Newton, City Manager	<b>Date:</b>	October 28, 2020

	<b>Reason/Summary of Changes:</b>	Addition of Retiree Wellness Center Benefit
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Version  #2:	<b>Responsible Party:</b>	Human Resources		
	<b>Revised By:</b>	Chaim Hertz, Director of Human Resources		
	<b>Approved By:</b>	Gino Grimaldi	<b>Date:</b>	05/01/2018
	<b>Reason/Summary of Changes:</b>	Removed the minimum age requirement for the medical stipend		